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State of Maine

ONE HUNDRED AND TWENTY-THIRD LEGISLATURE

COMMITTEE ON LABOR

## MEMORANDUM

TO: Senator Margaret Rotundo, Senate Chair  
 Representative Jeremy Fischer, House Chair  
 Members, Joint Standing Committee on Appropriations and Financial Affairs

FROM: Senator Ethan Strimling, Senate Chair *ES*  
 Representative John L. Tuttle, House Chair *JT*  
 Joint Standing Committee on Inland Fisheries and Wildlife

DATE: February 26, 2008

SUBJ: Recommendations on the Governor's FY 08-09 Supplemental Budget (LD 2173)  
 and additional \$99 million budget target for FY 09.

It is clear we face an extreme budgetary challenge and that every committee must make difficult decisions in order to meet the state's budgetary obligations. Thus, the Joint Standing Committee on Labor has met with the Department of Labor on three different occasions in order to seriously undertake this challenge. Keeping in mind the impact such cuts will have on the citizenry of Maine, we have made the following changes to the Governor's Supplemental Budget. It must be emphasized that the proposed cuts are recommended in an effort to protect programs that are crucial to our constituency, especially in a time of economic uncertainty. After much deliberation, the committee voted unanimously (13-0) in support of the following recommendations.

**LD 2173 (Supplemental Budget) FY 08 Provisions**

The Joint Standing Committee on Labor accepts the following two recommendations contained in the Governor's supplemental budget (LD 2173) relating to FY 08:

- Part A, section 28, Regulation & Enforcement (0159) - The committee voted to eliminate the one vacant Office Associate II position in the amount of \$50,052. This position was in the Customer Service Unit and the Alien Labor Certification program. This work can be performed by the existing support staff.

- Part A, section 28, Governor's Training Initiative Program (0842) - The committee voted to reallocate the portion of one CareerCenter Consultant position and one Program Manager position that is currently paid with the funds from the GTI program in the amount of \$37,200. The General Fund portion of the positions is shifted entirely to federal grants.

The committee does not accept any other provisions for FY 08 that appear in the Supplemental Budget relating to this committee's jurisdiction. The committee recommends the amount of savings related to these rejected provisions be achieved through a commensurate reduction in the funding of the Governor's Training Initiative.

#### **LD 2173 (Supplemental Budget) FY 09 Provisions**

The Joint Standing Committee on Labor accepts the following two recommendations contained in the Governor's supplemental budget (LD 2173) relating FY 09:

- Part A, section 28, Regulation & Enforcement (0159) - The committee voted to eliminate the one vacant Office Associate II position in the amount of \$53,129. This position was in the Customer Service Unit and the Alien Labor Certification program. This work can be performed by the existing support staff.
- Part A, section 28, Governor's Training Initiative Program (0842) - The committee voted to reallocate the portion of one CareerCenter Consultant position and one Program Manager position that is currently paid with the funds from the GTI program in the amount of \$39,220. The General Fund portion of the positions is shifted entirely to federal grants.

The committee does not accept any other provisions for FY 09 that appear in the Supplemental Budget relating to this committee's jurisdiction. The committee recommends the amount of savings related to these rejected provisions be achieved through a commensurate reduction in the funding of the Governor's Training Initiative.

#### **Additional \$99 million target**

We agree that every agency should find on-going General Fund savings in an amount equal to 3.5% of its General Fund revenues. We firmly believe those savings should come from programs that have the least impact on those whose needs are the greatest. Therefore, based on data provided by the department, we are pleased to provide our recommendation to achieve that target.

- A reduction in funding to the Governor's Training Initiative (0842) in an amount sufficient to reach this target. We also propose limiting eligibility to employers who employ 50 or fewer full time employees, including parent or subsidiary companies in this count. The employers must demonstrate that the funds will be utilized to train new employees. (An amendment accomplishing this is attached.) This would best utilize remaining resources and offer the best return on investment for the public.

These recommendations provide the targeted General Fund savings. They will also provide critical support to the workers of Maine. We believe this proposal strikes the proper balance in meeting our fiscal obligations without significantly reducing the department's ability to effectively manage its resources. Thank you for your consideration of our recommendations and if you have any questions about our recommendations, please contact us.

cc: Members, Joint Standing Committee on Labor  
Patrick Norton, Director, Office of Policy and Legal Analysis  
Maureen Dawson, Principal Analyst, Office of Fiscal and Program Review  
Rachel Tremblay, Analyst, Office of Fiscal and Program Review

**LABOR COMMITTEE  
PROPOSED AMENDMENT  
TO LD 2173 (Supp. Budget bill)**

Insert in the appropriate location the following new Part

**PART \_\_\_\_**

**Sec. \_\_\_\_ . 26 MRSA §2031, sub§2 is amended to read:**

**4. Criteria for program funding.** The following criteria must be demonstrated to the committee by an applicant at the time of application. An applicant shall:

- A. Work with the Department of Labor to analyze the occupational skills of the unemployed work force in the designated labor market;
- B. Provide a statement of commitment to long-term operation in this State; and—
- C. Comply with any other criteria that has been adopted by the Commissioner of Labor in accordance with the Maine Administrative Procedure Act; ;
- D. Demonstrate that it employs 50 or fewer full-time employees. All employees, including those of parent or subsidiary companies must be included in this calculation; and
- E. Demonstrate that funds received will be utilized to train new employees.

**Sec. \_\_\_\_ . Effective date.** This Part takes effect on July 1, 2008.

**SUMMARY**

Part \_\_\_\_ amends, beginning on July 1, 2008, the criteria that applicants must meet to receive funding under the Governor's Training Initiative. It requires that the applicant have 50 or fewer employees and that it use the funds it receives from the program train new employees.